

BRISBANE INDUSTRIAL VACANCY APRIL 2019

Solid take-up supports vacancy reduction for the 5th consecutive quarter

- Vacant space reduced by 7.0% over the quarter and by 18% over the past year. Falling by 89,154sqm over the past year this steady reduction has taken the total vacancy down to six-year lows. Prime space fell by 8% to 189,365sqm, down 29% over the year, with tenant preference for new space remaining in force. Secondary vacancy also reduced, falling by 6% in the quarter to 218,155sqm.
- Take-up improved during Q1, totaling 72,955sqm across 14 transactions, additionally there were two tenancies leased prior to becoming vacant. Take-up during the quarter was dominated by prime space including two tenancies within speculative accommodation. The rolling annual take-up is currently 332,125sqm, in line with the long term average.
- With no speculative accommodation under construction as at 1 April, available speculative space has fallen to 49,398sqm, the lowest level in four years. This is expected to change in the short term with commencements imminent at Jalrock Place, Carole Park (7,466sqm) and Holt St, Pinkenba (10,810sqm). Further starts are expected this year with speculative developments to progress off the back of tenant pre-commitments across the South and South West.
- There are 15 tenancies of 10,000 sqm+ available, with eight prime and seven secondary spaces, stable over the past quarter. After strong leasing activity late 2018 within larger assets, take-up in Q1 2019 was dominated by smaller tenants, all of which were under 8,500sqm.

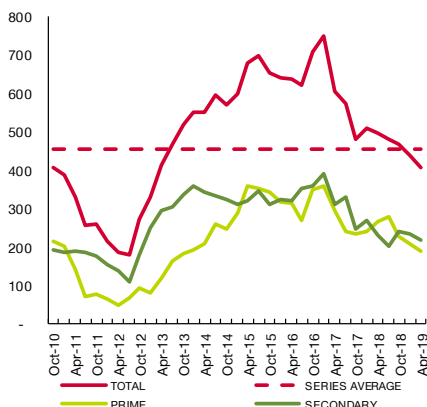


JENNELLE WILSON
Partner

TABLE 1
Brisbane Industrial Available Space 3,000sqm+ as at April 2019

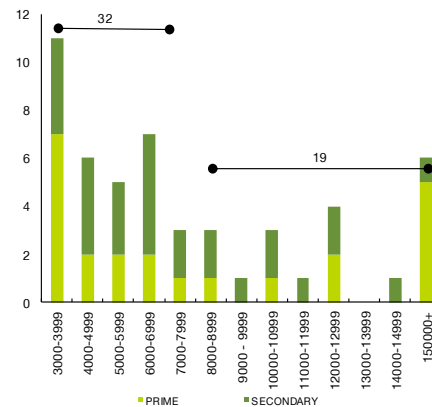
Precinct	Available Space sqm	No. of Buildings	Av Asking Rent \$/sqm net	Change Past Qtr (sqm)	Change Past Year (sqm)	Building Quality Prime %	Secondary %
Trade Coast	132,202	16	115	-2,461	-49,777	51	49
North	14,799	4	107	-9,362	-12,962	47	53
Greater North	6,270	2	100	-14,491	-24,822	49	51
South	134,963	16	101	-20,727	-14,696	45	55
South West	77,569	9	100	15,264	29,029	30	70
South East	41,690	4	110	-	-15,926	55	45
Total	407,520	51	106	-31,777	-89,154	46	54

FIGURE 1
April 2019 Available Space
'000sqm prime versus secondary space



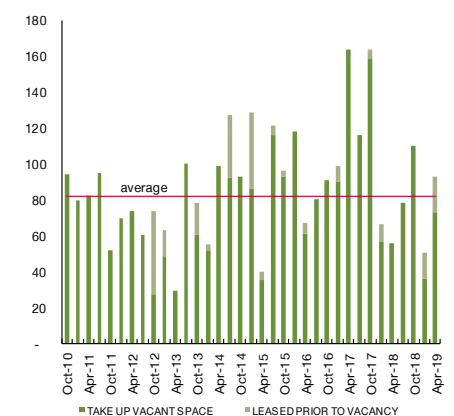
Source: Knight Frank Research

FIGURE 2
April 2019 Available Space
buildings available prime & secondary



Source: Knight Frank Research

FIGURE 3
Brisbane Industrial Take-up
'000sqm Est Take-up buildings (Excl D&C)

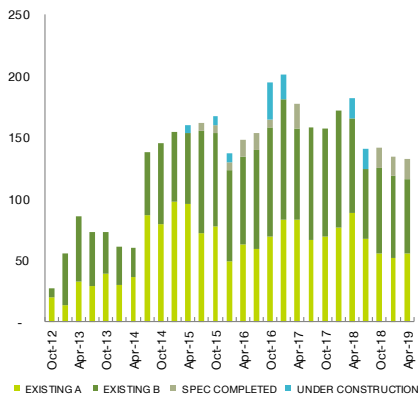


Source: Knight Frank Research

Trade Coast

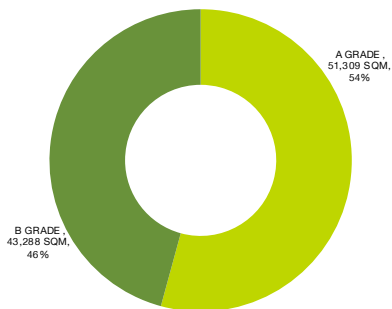
- Trade Coast recorded the highest take-up of any precinct in Q1 with 25,956sqm absorbed.
- Total vacancy was down 2% over the quarter and now stands 27% lower than a year ago.
- Additions to vacancy in the quarter were of existing prime space.

FIGURE 4
Trade Coast Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 5
Trade Coast Annual Take-up
12 months to April 2019

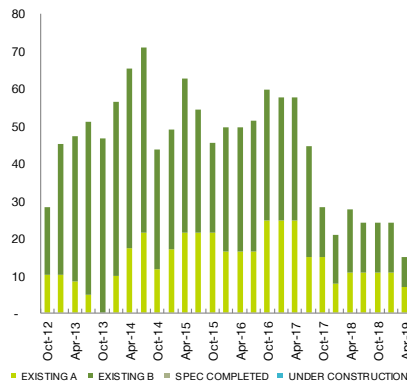


Source: Knight Frank Research

North

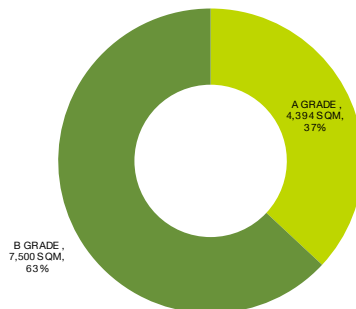
- Available space has fallen by 39% in the North over the quarter. The relatively small market now only has 14,799sqm of vacant space.
- Currently all vacancies tracked in the precinct range between 3,000—4,000sqm.
- With little opportunity for new development, the precinct will continue to see vacancy arise due to churn.

FIGURE 6
North Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 7
North Annual Take-up
12 months to April 2019

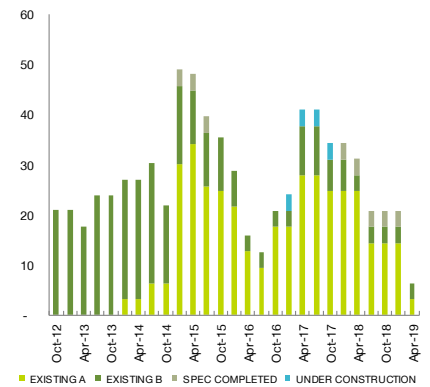


Source: Knight Frank Research

Greater North

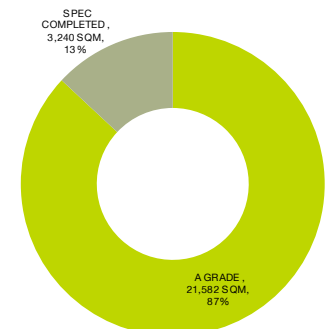
- Vacancy in Greater North decreased by 14,491sqm in Q1, reducing the total by 70%.
- Take-up was dominated by Modern Teaching Aids lease of 8,251sqm of prime space at 250 South Pine Rd.
- Two smaller buildings were absorbed, one with an option to purchase, with both of these prime space, reflecting demand.

FIGURE 8
Greater North Available Space
'000sqm space by type



Source: Knight Frank Research

FIGURE 9
Greater North Annual Take-up
12 months to April 2019

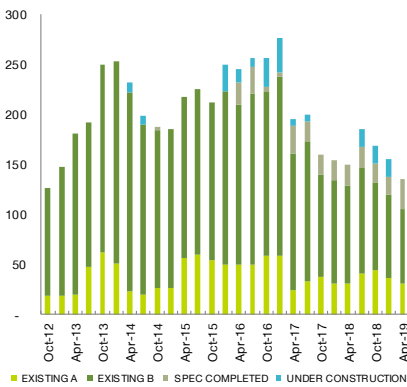


Source: Knight Frank Research

South

- Vacancy in the South reduced by 13% during Q1 with take-up of 22,214sqm evenly split between prime and secondary.
- The 18,500sqm speculative development at Willawong is complete with 6,700sqm of the building now committed.
- Spec development is expected to proceed in Berrinba, triggered by pre-commitments on neighbouring sites.

FIGURE 10
South Available Space
'000sqm space by type

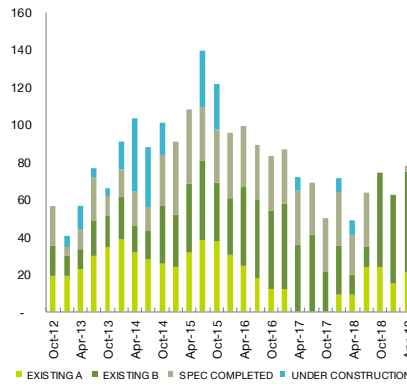


Source: Knight Frank Research

South West

- South West increased by 24% over the past quarter to total 77,569sqm.
- Only 30% of the available stock is of prime quality, the lowest proportion of any precinct.
- After a hiatus since early 2018, speculative development is likely to return to the precinct, initially through Jalrock Place, Carole Park.

FIGURE 12
South West Available Space
'000sqm space by type

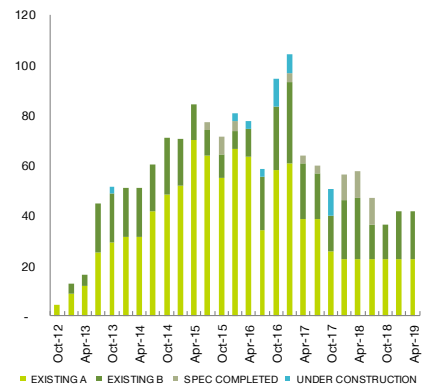


Source: Knight Frank Research

South East

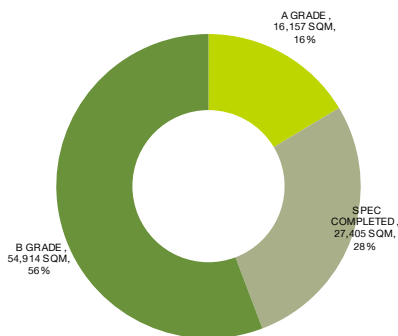
- There lack of activity within the South East period over the past quarter, however vacancy remains low at 41,690sqm and is 28% lower than a year ago.
- The increase in land prices within the region of 34% for 1-5 ha lots over the past two years is reflective of the strong demand and pre-commitment activity in the region.

FIGURE 14
South East Available Space
'000sqm space by type



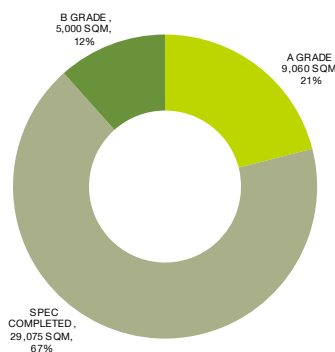
Source: Knight Frank Research

FIGURE 11
South Annual Take-up
12 months to April 2019



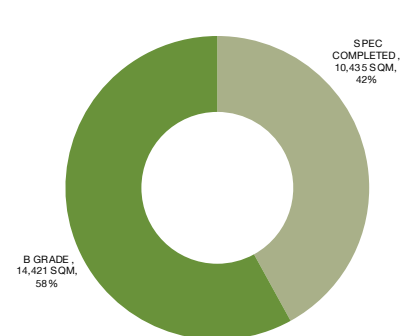
Source: Knight Frank Research

FIGURE 13
South West Annual Take-up
12 months to April 2019



Source: Knight Frank Research

FIGURE 15
South East Annual Take-up
12 months to April 2019



Source: Knight Frank Research

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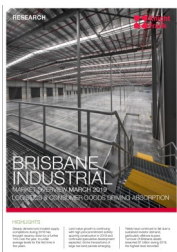
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Methodology:

This analysis collects and tabulates data detailing vacancies within industrial properties across all of the Brisbane Industrial Property Market. The analysis only includes building vacancies which meet the following criteria. 1. The sample data includes buildings with a minimum floor area of 3,000sqm. 2. Buildings are categorized into the below three types of leasing options. A) Existing Buildings – existing buildings for lease. B) Speculative Buildings – buildings for lease which have been speculatively constructed and although have reached practical completion, still remain vacant. C) Spec. Under Construction – buildings for lease which are being speculatively constructed and will be available for occupation within 12 months.

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